

# Employee Ownership and Attitudes Toward the Union: An Empirical Study

## L'entreprise, propriété des salariés et les attitudes envers le syndicat

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### Résumé de l'article

Bien que l'Amérique du Nord connaisse un regain d'intérêt pour la formation d'entreprises qui soient partiellement ou totalement la propriété des employés, il n'existe à peu près pas d'études concrètes sur les répercussions de cette forme de propriété sur les syndicats et sur les dispositions des travailleurs-proprétaires envers le syndicat. Cette étude veut combler cette lacune. Elle donne les résultats d'une enquête auprès du personnel d'une entreprise de transport, où existait un syndicat, qui fut achetée par ses salariés et ses cadres.

Aux fins de cette enquête, on a utilisé deux questionnaires comprenant sept attitudes ou réactions possibles des travailleurs à l'endroit du syndicat six mois et dix-huit mois après l'achat de l'entreprise. Les résultats indiquent que la plupart des salariés, qu'ils soient ou non membres du syndicat, ne croyaient pas que la syndicalisation étaient incompatible avec ce type de propriété et une minorité d'entre eux seulement estimaient que le syndicat n'était pas nécessaire. Ce qui est plutôt surprenant, il y avait peu de différence entre les attitudes des salariés-proprétaires et ceux qui ne l'étaient pas. Ces dispositions d'esprit ont peu changé avec le temps. Bien que cela ne soit pas absolument clair, le rôle du syndicat, tel qu'il est perçu par les salariés, est d'être un chien de garde destiné à faire contrepoids au pouvoir possiblement accru de la direction.

De l'enquête, il ressort aussi que l'achat de l'entreprise par les employés a eu une influence bénéfique sur les relations professionnelles, influence attribuable à une information plus considérable et à une plus grande ouverture d'esprit de la part de la direction ainsi qu'à des rapports plus harmonieux entre les parties. Cependant, les répercussions sur le rôle futur du syndicat dans l'entreprise apparaissent moins clairement.

L'auteur conclut en signalant les limites de l'enquête et en insistant sur la nécessité d'une recherche plus approfondie dans un plus grand nombre d'établissements pour en arriver à une compréhension meilleure de l'influence de ce type d'entreprises sur les syndicats.

# Employee Ownership and Attitudes toward the Union

## An Empirical Study

Richard J. Long

*This article explores the relationship between employee ownership and attitudes toward the union by reporting the results of an empirical study of a unionized Canadian trucking company recently purchased from its former corporate owner by most of its workers and managers. Results indicated that most workers — both union and non-union — did not believe that unionization was either incompatible with employee ownership or unnecessary.*

North America is currently experiencing a resurgence of interest in and formation of business enterprises which are partly or completely owned by their employees. Seen by some as an important solution to problems which they see facing current industrial society — such as widespread worker dissatisfaction and alienation, and declining productivity<sup>1</sup> — the phenomenon has received added impetus from recent U.S. legislation (Employee Retirement Income Security Act, 1974) which encourages, through tax incentives, the gradual conversion of conventional corporations to employee ownership. According to U.S. Internal Revenue Service figures, more than 370 U.S. businesses had embarked on this process by early 1977.<sup>2</sup> Although not supported by

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<sup>1</sup> See Paul DERRICK and J. F. PHIPPS (eds), *Co-ownership, Co-operation and Control: An Industrial Objective* New York, Longmans Green and Co., 1977; or J. VANEK (ed), *Self-Management: Economic Liberation of Man*, Baltimore, Penguin Education, 1975.

<sup>2</sup> Cited in Michael CONTE and Arnold TANNENBAUM, *Employee Ownership*, Report to Economic Development Administration, United States Department of Commerce, June, 1977.

legislation in Canada, such conversions are occurring there as well, although at a somewhat slower rate.

Despite this, empirical research on the effects of such conversions is scanty. Although some research has recently been published on the effects of conversion to employee ownership on job attitudes and organizational performance,<sup>3</sup> and on patterns of organizational influence,<sup>4</sup> little or no empirical research exists on the impact of employee ownership on the union and attitudes toward the union.

This is a question of considerable importance since many of the firms currently converting or considering conversion to employee ownership are unionized. Union leaders, whose support for the conversion may be crucial to its success, have been uncertain about the implications of the conversion for the union. As a result, many have been less than enthusiastic about such proposals and in some cases have been hostile towards their implementation. A common fear may be that such a move might reduce workers allegiance to the union, or may cause the workers to reject the union entirely. Furthermore, union leaders are often uncertain of just what the role of the union would be in an employee-owned enterprise.

These fears have generally not been allayed by proponents of the concept, who usually have little or nothing to say about the union in their conceptualizations of the «ideal type» of employee ownership. On the face of it, in a «pure case» of employee ownership, unionization gives rise to the rather ludicrous situation of employees bargaining with themselves. Put somewhat differently, the fundamental conflict of interests between labour and capital on which many labour theorists have based the need for labour unions would seem to disappear. However, these seemingly compelling arguments are criticized by some as being overly simplistic, and not taking into account the complexities of actual situations. Indeed, in numerous instances where unionized companies have converted to employee ownership they have remained unionized.

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<sup>3</sup> See Richard J. LONG, «The Effects of Employee Ownership on Organizational Identification, Job Attitudes, and Organizational Performance: A Tentative Framework and Empirical Findings,» *Human Relations*, Vol. 31, n° 1, 1978, pp. 29-48; and Richard J. LONG, «The Relative Effects of Ownership vs Control on Job Attitudes in an Employee-Owned Company,» *Human Relations*, 1979, in press.

<sup>4</sup> Richard J. LONG, *The Effects of Employee Ownership on Patterns of Organizational Influence and Worker Participation*. Saskatoon, Canada, University of Saskatchewan, College of Commerce Working Paper, 1977.

However, as has been noted, there has been almost a complete lack of empirical research aimed at addressing these questions. This paper attempts to ameliorate this situation somewhat by reporting the results of exploratory empirical research at a unionized Canadian trucking company recently purchased from its former corporate owner by most of its workers and managers. First, a number of attitudes toward the union, held by union members and non-union employees, are assessed shortly after employee purchase. Attitudes assessed include such attitudes as perceived need for the union, perceived difficulty of remaining loyal to both the union and the company (role conflict), perceived goals and role of the union, and perceived compatibility of organizational and union goals. These attitudes are assessed again about 18 months after employee purchase, in order to test for possible changes over time.

The second main objective of the study is to determine if the attitudes toward the union held by worker-owners differ from those held by workers who are not owners. If there are no significant differences between these two groups in attitudes toward the union, this would be strong evidence that share ownership does *not* affect these attitudes. However, if differences *are* found, the results are more ambiguous. We cannot necessarily assume that share ownership has *caused* union attitudes to change since the possibility that those employees who purchased company stock may have held different attitudes toward the union *prior* to purchasing stock cannot be ruled out. Fortunately, this second situation did not generally occur.

Finally, these questionnaire data will be supplemented by interview and other data. These data will be used to help verify, interpret, and elaborate on inferences drawn from the questionnaire data.

## **METHOD**

### **Research Site**

The research site is a medium-sized regional trucking company operating as a common carrier on routes in western Canada. The company employs about 160-170 full and part-time employees and currently has annual operating revenues of about five million dollars. The company's drivers and freight-handlers have been unionized for several years by a very large international union, and a «union shop» clause is now in effect. Prior to 1975 the company had lost more than \$500,000 over the previous five years.

In May 1975 the firm was purchased from its former corporate owner by more than 70% of its workers and managers. The firm is wholly owned by its employees, and non-employees are not permitted to hold stock. The average initial investment ranged from \$500 among non-managers to \$5000 among senior managers. At employee purchase about 32% of company stock was held by top managers, middle managers held 14%, supervisors and foremen held 9%, and non-managers held 45%. Since the company has a rather complex set of clauses written into its constitution to prevent concentration of ownership in any particular group, this distribution has not changed over time.

Votes in electing the board of directors and profits are allocated according to number of shares held. Elected to the first board of directors were 3 senior managers, one middle manager, one supervisor, two truck drivers (one of them the union ship steward) and two outside directors. This same board was re-elected to a second year in 1976. The president of the company (who was the general manager under corporate ownership) was elected chairman of the board. Directors meet monthly and receive a full set of financial statements prior to each meeting. All shareholders receive a monthly profit and loss statement and letter from the president describing the notable events during the past month.

Few personnel and structural changes have taken place subsequent to employee takeover. Management (including top managers) are the same individuals as before employee takeover, as are most of the non-managers. The operations, market, and structure of the company are largely unchanged, and the environment has not changed markedly. One notable change that has taken place has been a shift from a loss position to considerable profitability. For example, in the first six months of employee ownership share price rose 50%, and has continued to rise steadily since then. Members of the organization believe this is primarily due to increase motivation and cooperation since employee purchase.

One other apparent change is an improvement in both the employee-management and union-management relationships, which had been described as being very poor in the years immediately prior to employee takeover. This is further discussed later in the paper.

More detailed information on the research site and data collection procedures than can be provided here is available elsewhere.<sup>5</sup>

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<sup>5</sup> Richard J. LONG, *The Effects of Employee Ownership on Job Attitudes and Organizational Performance: An Exploratory Study*. Unpublished Ph. D. dissertation, Cornell University, 1977.

### Research Instruments and Data Collection

Data on attitudes toward the union were collected primarily through two administrations of a comprehensive questionnaire: first at December 1975 (wave 1), about six months after employee purchase, and then at December 1976 (wave 2). Questionnaires were anonymous, and were either personally distributed by the researcher (who was not associated with management), distributed with the paychecks, or sent through inter-office mail. All workers and managers (except the company president) received copies of the questionnaire. A cover letter on university letterhead asked respondents to either return the questionnaire to specified collection points on the company premises, or to mail the questionnaire directly to the researcher, located in a distant city, using stamped addressed envelopes which were available.

The questionnaire included the following seven Likert-type items pertaining to union attitudes, with a response scale ranging from 1 (disagree strongly) to 7 (agree strongly):

- (a) « A union is not really necessary in this firm at this time. »
- (b) « It is difficult to be loyal to the company *and* to the union. »
- (c) « Basically, the union and the management have similar goals. »
- (d) « The union works primarily for the best interests of its members. »
- (e) « There is no reason why the union and the management cannot work together. »
- (f) « Without a union, employees would probably *not* get a fair treatment from management. »
- (g) « The best way of obtaining workers say or influence in decision-making in this firm is through increasing the influence of the union. »

Items (b) (c) and (e) were adapted from the Michigan Assessment of Organizations Package.<sup>6</sup>

Item (a) attempted to assess the overall perceived need for a union. Item (b) dealt with the degree of role conflict experienced by the respondent. Items (c) and (d) dealt with perceived goals of the union and their compatibility with management goals. Item (e) sought the individual's assessment of the potential for co-operation between management and the union. Items (f) and (g) sought to clarify the perceived role of the union. Item (f) attempted to determine whether the union

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<sup>6</sup> *Michigan Organizational Assessment Package*, Progress Report II, Ann Arbor, Mich., Survey Research Center of the Institute for Social Research, The University of Michigan, 1975.

as deemed necessary to protect the workers from management — a distributive role in Walton and McKersie's terminology.<sup>7</sup> Item (g) attempted to assess the degree to which respondents viewed the union as an appropriate channel for worker participation in decision-making — probably more of an integrative role than distributive.

In order to supplement and avoid sole reliance on these questionnaire data, three periods of field work, totalling 13 weeks, were carried out over a period of 1½ years. During this time informal interviews were conducted with all senior managers and union officials, and a substantial proportion of the other managers and employees, selected on a random basis. Extensive informal observation and examination of company records was also carried out.

### Respondents

In the first wave questionnaires were received from 38 union members and 27 non-union non-managerial employees (managers are excluded from this analysis). The union members were comprised of truck drivers (65.8%) freight-handlers (13.2%) and a few supervisors and working foremen (13.2%). About 94.7% were full-time employees, 71% had been with the firm one year or longer, and 70.3% were shareholders. Just under 40% had completed high school, 84.2% were married, mean age was 33 years, and all were male.

The non-union employees were comprised primarily of secretarial or clerical personnel (70.4%) and maintenance mechanics (22.2%). About 85.2% were full-time employees, 63% had been with the firm one year or longer, and 70% were shareholders. Some 59.2% had completed high school, 74.1% were married, mean age was 30.1 years, and 77.8% were female.

There were no appreciable differences between shareholders and non-shareholders in either group in terms of job type, full or part-time status, education, marital status, or sex, although non-shareholders tended to be slightly younger with a somewhat shorter length of service.

In the second wave questionnaires were received from 32 union members and 24 non-union employees. Among both union members and non-union employees there were no significant differences in personal or job-related characteristics in comparison to wave 1 respondents.

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<sup>7</sup> R. E. WALTON and R. B. MCKERSIE, *A Behavioral Theory of Labor Negotiations*. New York, McGraw-Hill, 1965.

However, among non-union employees declines were noted in the proportion who were full-time employees (85.2% to 70.8%) proportion who were stockholders (70.4% to 50%) and proportion married (74.1% to 58.3%). Mean age was also somewhat lower.

These changes in the non-union group should be borne in mind while interpreting longitudinal comparisons. If changes over time are found, it is possible that they are partly a reflection of the changed composition of the group.

## ATTITUDES OF UNION MEMBERS

### Six Months After Takeover

Table 1 displays the responses of union members to the seven questions, as at wave 1. As can be seen, at this time less than one-third feel that a union is unnecessary, although a fairly large additional number were undecided (21.6%). Interestingly, as Table 2 indicates, there is virtually no difference between union members who are shareholders and those who are not, in terms of need for the union.

**TABLE 1**  
**Attitudes of Union Members,**  
**Wave 1 (N = 38)**

Statement	Agree	Disagree	Undecided
a. A union is not really necessary in this firm at this time	32.4%	45.9%	21.6%
b. It is difficult to be loyal to the company <i>and</i> to the union	29.7%	45.9%	24.3%
c. Basically, the union and management have similar goals	35.1%	37.8%	27.0%
d. The union works primarily for the best interests of its members	62.1%	29.7%	8.1%
e. There is no reason why the union and management cannot work together	80.6%	8.4%	11.1%
f. Without a union, employees would probably <i>not</i> get fair treatment from management	21.6%	56.7%	21.6%
g. The best way of obtaining worker say or influence in decision-making in this firm is through increasing the influence of the union	10.8%	70.2%	18.9%



**TABLE 2**  
**Attitudes by Share Ownership Status, Union Members**

Variable	Wave 1					Wave 2				
	Stockholders (N = 26)		Non Shareholders (N = 11)		t	Stockholders (N = 19)		Non Shareholders (N = 13)		t
	Mean	$\sigma$	Mean	$\sigma$		Mean	$\sigma$	Mean	$\sigma$	
a. Need for union <sup>a</sup>	4.15	1.89	4.27	1.79	0.18	3.95	2.01	4.92	1.94	1.37
b. Difficulty of dual loyalty	3.42	1.79	4.27	1.68	1.34	3.42	1.71	3.69	1.89	0.42
c. Similarity of goals	3.54	1.61	4.27	1.49	1.30	4.05	1.62	4.15	1.57	0.18
d. Union works for members	4.38	2.00	4.73	1.42	0.51	3.95	1.51	4.69	1.70	1.30
e. Nothing to prevent union-management co-operation	5.56	1.23	5.64	1.43	0.16	5.79	0.71	6.15	0.38	1.88*
f. Would be treated unfairly without union	2.96	1.64	3.64	1.50	1.17	3.05	1.78	4.15	1.86	1.69*
g. Union best way of increasing worker influence in decisions	2.50	1.42	3.00	1.67	0.93	2.74	1.45	3.46	1.66	1.31

\* P < .10, two tailed

\*\* p < .05, two tailed

\*\*\* P < .01, two tailed

<sup>a</sup> This item has been reversed so that a higher numeric value indicates a higher perceived need for union.

In terms of role conflict, under 30% feel that is difficult to be loyal to both the union and to the company. As can be seen from Table 2, shareholders actually found it somewhat less difficult to be loyal to both than did non-shareholders, although this difference does not reach statistical significance ( $p < .19$ ). A possible clue to this relatively low level of role conflict might be found in the next question, where only a minority of union members (37.8%) believed that the union and management do *not* have similar goals. Stockholders were somewhat less likely to believe that the goals were similar, but this difference did not approach statistical significance ( $p < .20$ ). In terms of perceived union goals, 62.1% believed that the union works for the best interests of its members, with no differences between shareholders and non-shareholders.

Possibly partly as a result of *not* perceiving dissimilar goals, an overwhelming majority (82.1%) believed that «there is no reason why the union and management cannot work together». There was no difference between shareholders and non-shareholders in strength of this belief.

In terms of instrumentality of the union, only 21.6% agreed that employees would probably *not* get fair treatment without a union; shareholders held this belief slightly more strongly. On the other hand, the union was definitely not viewed as an appropriate channel for worker participation in decision-making; only 10.8% agreed that the best way of obtaining worker say or influence is through increasing the influence of the union.

In sum, at wave 1 union members seemed to believe that unionization was not at all incompatible with employee ownership, and reported relatively little difficulty in being loyal to the company and the union. Share ownership or the lack of it did not seem to affect attitudes at all.

#### **Eighteen Months After Takeover**

Table 3 compares attitudes at wave 2 to those at wave 1. As can be seen, there have been no significant changes in attitudes. The only change of any note is a tendency for a *stronger* belief that the union and the management can work together.

**TABLE 3**  
**Longitudinal Comparison of Attitudes,**  
**Union Members**

Variable	Wave 1 (N = 38)		Wave 2 (N = 32)		=
	Mean	$\sigma$	Mean	$\sigma$	
a. Need for union	4.19	1.84	4.34	2.01	0.33
b. Difficulty of dual loyalty	3.68	1.78	3.53	1.76	0.34
c. Similarity of goals	3.76	1.59	4.09	1.57	0.88
d. Union works for members	4.49	1.84	4.25	1.61	0.57
e. Nothing to prevent union-management co-operative	5.58	1.27	5.94	0.62	1.48
f. Would be treated unfairly without union	3.16	1.61	3.50	1.87	0.81
g. Union best way of increasing worker influence in decisions	2.65	1.50	3.03	1.56	1.04

\*  $p < .10$ , two tailed

\*\*  $p < .05$ , two tailed

\*\*\*  $p < .01$ , two tailed

Table 2 included a comparison of the attitudes of shareholders and non-shareholders at wave 2. As can be seen, there are still no significant differences between shareholders and non-shareholders on five of the seven questions, including perceived need for the union. However, non-shareholders now believe significantly more strongly than shareholders that there is «no reason why the union and management cannot work together» and that employees would probably *not* get faire treatment without a union ( $p$ 's  $< .10$ ).

#### ATTITUDES OF NON-UNION EMPLOYEES

##### Six Months After Takeover

Table 4 displays the responses of non-union employees to the seven questions, as at wave 1. As can be seen, even among this group less than half (48.1%) believed that a union is unnecessary. As was the case for union members, there is no significant difference in perceived need for union between shareholders and non-shareholders at wave 1, as indicated by Table 5.

**TABLE 4**  
**Attitudes of Non-Union Employees,**  
**Wave 1 (N = 32)**

Statement	Agree	Disagree	Undecided
a. A union is not really necessary in this firm at this time	48.1%	22.2%	29.6%
b. It is difficult to be loyal to the company <i>and</i> to the union	29.6%	40.7%	29.6%
c. Basically, the union and management have similar goals	37.0%	37.0%	25.9%
d. The union works primarily for the best interests of its members	48.1%	33.3%	18.5%
e. There is no reason why the union and management cannot work together	80.7%	11.5%	7.7%
f. Without a union, employees would probably <i>not</i> get fair treatment from management	7.4%	70.3%	22.2%
g. The best way of obtaining worker say or influence in decision-making in this firm is through increasing the influence of the union	3.7%	66.6%	29.6%

In terms of role conflict, less than 30% believe that it would be difficult to be loyal to both the union and management, with no differences between shareholders and nonshareholders. Only a minority (37%) believe that the union and management do *not* have similar goals, and the great majority (80.7%) believe that there is no reason why the union and management cannot work together. On neither of these questions are there differences between shareholders and nonshareholders. In terms of perceived union goals, a little less than half (48.1%) believed that «the union works primarily for the best interests of its members.» However, this belief was significantly stronger among non-shareholders ( $p < .01$ ) than shareholders.

In terms of instrumentality of the union, only 2 individuals (7.4%) believed that employees would *not* get fair treatment without the union. This belief tended to be stronger among non-shareholders, but this difference did not reach statistical significance ( $p < .13$ ). Only one individual (3.2%) agreed that increasing the influence of the union was the best way of increasing worker influence in this firm, and there was no difference between shareholders and non-shareholders.

**TABLE 5**  
**Attitudes by Share Ownership Status, Non-union Employees**

Variable	Wave 1					Wave 2				
	Stockholders (N = 19)		Non-Shareholders (N = 8)		t	Stockholders (N = 11)		Non Shareholders (N = 11)		t
	mean	$\sigma$	mean	$\sigma$		mean	$\sigma$	mean	$\sigma$	
a. Need for union	3.16	1.64	3.50	1.31	0.52	4.27	2.10	4.36	1.29	0.12
b. Difficulty of dual loyalty	3.79	1.78	3.88	1.46	0.12	4.45	2.02	3.91	1.30	0.75
c. Similarity of goals	3.79	1.58	4.00	1.77	0.30	3.36	1.57	3.82	1.08	0.79
d. Union works for members	3.63	1.54	5.50	0.76	3.25***	3.73	1.85	4.09	1.22	0.54
e. Nothing to prevent union- management co-operation	5.00	1.88	5.63	1.06	0.87	4.64	1.96	5.55	1.64	1.18
f. Would be treated unfairly without union	2.32	1.20	3.13	1.25	1.58	3.45	2.07	3.18	1.40	0.36
g. Union best way of increasing worker influence in decisions	2.32	1.42	2.88	0.99	1.01	2.27	1.19	3.73	0.91	3.23***

\* p < .10, two tailed

\*\* p < .05, two tailed

\*\*\* p < .01, two tailed

In sum, the attitudes of these non-union employees are strikingly similar to those of the union members. They seem to perceive little incompatibility between employee ownership and unionization and a relatively little difficulty in being loyal to the company and the union. Share ownership seems to have had little effect on most attitudes.

#### Eighteen Months After Takeover

Table 6 compares attitudes at wave 2 to those at wave 1. As can be seen, significant changes have taken place in three of the seven attitudes. The belief that a union is necessary grew significantly ( $p < .05$ ) stronger during the twelve months since wave 1, with the proportion believing that a union is *not* necessary declining from 48.1% to 33.4%. Consistent with this, the perceived instrumentality of the union increased significantly ( $p < .10$ ) with the proportion believing that employees would *not* get fair treatment without a union increasing from 7.4% to 25.1%. Finally, the belief that the union is *not* an appropriate channel through which to expand worker influence weakened significantly ( $p < .10$ ). The proportion *disagreeing* with the statement «the best way of obtaining worker say... is through the union» dropped from 66.6% to 41.7%; however, the proportion agreeing only increased from 3.7% to 8.3%.

**TABLE 6**  
**Longitudinal Comparison of Attitudes,**  
**Non-union Employees**

Variable	Wave 1 (N = 27)		Wave 2 (N = 24)		t
	mean	$\sigma$	mean	$\sigma$	
a. Need for union	3.26	1.53	4.33	1.69	2.38**
b. Difficulty of dual loyalty	3.81	1.67	4.29	1.65	1.02
c. Similarity of goals	3.85	1.61	3.75	1.39	0.24
d. Union works for members	4.19	1.59	3.91	1.51	0.62
e. Nothing to prevent union-management co-operation	5.19	1.67	5.17	1.76	0.05
f. Would be treated unfairly without union	2.56	1.25	3.33	1.71	1.87*
g. Union best way of increasing worker influence in decisions	2.48	1.31	3.13	1.30	1.76*

\*  $p < .10$ , two tailed

\*\*  $p < .05$ , two tailed

\*\*\*  $p < .01$ , two tailed

There are no differences between shareholders and nonshareholders in six of the seven attitudes at wave 2, as has been indicated in Table 5. However, non-shareholders show significantly less disagreement ( $p < .01$ ) than shareholders that the union is the best way of increasing worker influence in decisions.

## DISCUSSION AND CONCLUSION

There are several inferences that might be drawn from these data. First, not only do the great majority of both union members and non-union employees believe that the union is compatible with employee ownership, only minorities in each group feel that a union is unnecessary. Among union members less than one-third believed a union unnecessary shortly after employee takeover, and this proportion remained stable one year later. Among non-union employees, the proportion believing the union unnecessary actually declined from less than one-half to about one-third.

Furthermore, even among shareholders, only minorities of union members and non-union employees believed it difficult to be loyal to both the union and the company. Perhaps part of the reason was that only a minority of respondents believed that the union and management did *not* have similar goals.

This finding is also consistent with Whyte's contention, based on an extensive review of research, that a high loyalty to the company does not necessarily imply a lowered loyalty to the union. In fact, he found the reverse to be generally true, with employees expressing high loyalty and satisfaction with the company also expressing high loyalty and satisfaction with the union.<sup>8</sup>

An important and somewhat surprising finding was that individual share ownership did *not* seem to have significant effects on attitudes toward the union, either in the short or the longer run, as indicated by the lack of significant differences in union attitudes between shareholders and nonshareholders. This apparent lack of effect is particularly interesting because significant differences between shareholders and nonshareholders were found to exist in other job attitudes, notably organizational identification and job satisfaction, in analysis not described here.<sup>9</sup>

<sup>8</sup> William F. WHYTE, *Men At Work*, Homewood, ILL.: Richard D. Irwin, 1961, pp. 294-295.

<sup>9</sup> Non-managerial shareholders were found to be significantly higher than non-shareholders in terms of organizational integration, involvement, and commitment

In terms of the role of the union, it is quite clear that the union is *not* viewed as an appropriate way of increasing worker influence in decisions. On the other hand, the union was *not* viewed as necessary to prevent the employees from being treated unfairly by management. Yet, respondents did not feel the union was unnecessary. What, then, is the perceived role of the union?

Interviews were conducted with union members in an attempt to clarify this. The overall consensus seemed to be that although present management did tend to treat employees fairly, it was felt desirable to maintain the union as a safeguard, should this situation change. They felt that having the union would ensure that wages would be at least comparable with those of other firms. One of those interviewed was a worker-director, a truck driver, who believed the union was necessary «to keep wages fair and provide job security.» Thus, it appears that employees are not confident of their ability to influence wage decisions without the possibility of having additional help available from the union.<sup>10</sup>

However, the impact of the conversion on union power is more problematic. In interviews, some employees expressed a concern that «many [employees] feel that they can't strike if they have money invested or they are hurting their investment.» On the other hand, several employees pointed out that the amount of income that they received through dividends and share appreciation was small compared to their wage income, and asked «why should we receive lower wages just because we are shareholders?» Indeed, perhaps reflecting this attitude, in negotiations which took place about fourteen months after

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( $p$ 's < .01), and general satisfaction ( $p$  < .05). See LONG, «The Effects of Employee Ownership on Organizational Identification, Job Attitudes, and Organizational Performance,» *op. cit.* for further details.

<sup>10</sup> This surmise is supported by data discussed elsewhere, which indicated that «while employee ownership may have increased both total [organizational] influence and workers' participation... power-equalization has not occurred since the influence of managers has increased to a greater extent than that of non-managers.» If workers perceive this to be the case, then they could be expected to retain the union as a counterweight to the power of management. It may also be germane to note here that, other than through representation on the board of directors, no formal or informal mechanisms (eg. a workers council) have been established to increase worker participation in decisions. Thus, mechanisms which could potentially «compete» with the union, in terms of representation of workers, are not well-developed. This is particularly true for nonshareholders, who have no formal mechanisms at all for influencing management. See LONG, «The Effects of Employee Ownership on Patterns of Organizational Influence and Worker Participation», *op. cit.* for further details.



employee takeover (in fall, 1976) the union membership unanimously voted to reject management's «final offer», which was comparable to settlements reached at competitors. As a pre-condition to a legal strike a provincial conciliator was called in and filed a report. Management subsequently raised its offer slightly, and this new offer was accepted by the union membership.

The above incident notwithstanding, the change in ownership appears to have had a beneficial effect on union-management relations, which are now quite good, according to both the union business agent and the company president. As an example, in 1976 the union processed only one grievance against management, and this was settled by mutual agreement early in the grievance procedure. This is in sharp contrast to the years prior to employee purchase.

At least part of this improvement, according to the union business agent, is due to the increased openness and honesty of management since employee ownership. Moreover, detailed financial information (provided to all directors every month) is now available to the union through the union members on the board of directors, as is other operating information. This free flow of information tends to reduce the mistrust which often arises in situations where management attempts to withhold such information.

The improved union-management relationship may also be a reflection of the improved relationship between managers and employees, which had been extremely poor prior to employee purchase. Communication, trust, and cooperation between managers and employees have increased, as has job satisfaction, while turnover has declined as much as 30%. Employee ownership appears to have been at least partly responsible for these improvements.<sup>11</sup>

In sum, then, in this case unionization is not only seen by employees — shareholders and nonshareholders — as compatible with employee ownership, but also only a minority feel it is unnecessary. Furthermore, employee ownership may even have improved the union-management relationship by promoting greater openness on the part of management and by improving employee-management relations. Somewhat surprisingly, individual share ownership apparently had little effect on attitudes toward the union. In terms of union power, the

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<sup>11</sup> See LONG, *The Effects of Employee Ownership on Job Attitudes and Organizational Performance: An Exploratory Study*, op. cit. for analysis supporting this.

implications are less clear, but it does seem likely that while union members would support wage demands which are comparable to or slightly above levels prevailing at comparable firms, it seems unlikely that they would support union demands which would adversely affect the firm's viability — such as exorbitant wage demands, or restrictive work practices. In addition, they seem favorably disposed to co-operation between management and the union.

Overall, these results seem to indicate that the worst fears of union leaders will not necessarily be realized, and that a role for the union may continue to be perceived by employees. This will probably be particularly true if power imbalances between management and workers are perceived to exist. It is conceivable, however, that the role of the union may become somewhat less adversarial and more integrative in nature.

However, as in any study of an exploratory nature, some caveats on the validity and generalizability of the findings should be noted. First, it would have been desirable to have been able to obtain questionnaire measures of attitudes prior to the ownership change, which was not possible here. Second, the research site may possess rather unique characteristics which may inhibit generalizability of these findings. For example, in this case unionization is necessary to make deliveries to one of the firm's major customers, and some employees are aware of this. As another example, perhaps in a situation more closely approaching the ideal of employee ownership — where power-equalization between managers and workers has taken place — less need for a union would be perceived. However, it should be noted that, relative to other employee owned firms currently in existence, the research site used here probably approaches this ideal more closely than most. In addition, the nature and the size of this firm might also be important. Finally, since this study took place during a period relatively shortly after employee purchase, the effects of employee ownership over the very long run remain to be seen.

Therefore, in view of the current paucity of empirical research on this issue, much further research, particularly longitudinal research, needs to be conducted in a variety of settings before firm conclusions can be drawn.

## **L'entreprise, propriété des salariés et les attitudes envers le syndicat**

Bien que l'Amérique du Nord connaisse un regain d'intérêt pour la formation d'entreprises qui soient partiellement ou totalement la propriété des employés, il n'existe à peu près pas d'études concrètes sur les répercussions de cette forme de propriété sur les syndicats et sur les dispositions des travailleurs-proprétaires envers le syndicat. Cette étude veut combler cette lacune. Elle donne les résultats d'une enquête auprès du personnel d'une entreprise de transport, où existait un syndicat, qui fut achetée par ses salariés et ses cadres.

Aux fins de cette enquête, on a utilisé deux questionnaires comprenant sept attitudes ou réactions possibles des travailleurs à l'endroit du syndicat six mois et dix-huit mois après l'achat de l'entreprise. Les résultats indiquent que la plupart des salariés, qu'ils soient ou non membres du syndicat, ne croyaient pas que la syndicalisation étaient incompatible avec ce type de propriété et une minorité d'entre eux seulement estimaient que le syndicat n'était pas nécessaire. Ce qui est plutôt surprenant, il y avait peu de différence entre les attitudes des salariés-proprétaires et ceux qui ne l'étaient pas. Ces dispositions d'esprit ont peu changé avec le temps. Bien que cela ne soit pas absolument clair, le rôle du syndicat, tel qu'il est perçu par les salariés, est d'être un chien de garde destiné à faire contrepoids au pouvoir possiblement accru de la direction.

De l'enquête, il ressort aussi que l'achat de l'entreprise par les employés a eu une influence bénéfique sur les relations professionnelles, influence attribuable à une information plus considérable et à une plus grande ouverture d'esprit de la part de la direction ainsi qu'à des rapports plus harmonieux entre les parties. Cependant, les répercussions sur le rôle futur du syndicat dans l'entreprise apparaissaient moins clairement.

L'auteur conclut en signalant les limites de l'enquête et en insistant sur la nécessité d'une recherche plus approfondie dans un plus grand nombre d'établissements pour en arriver à une compréhension meilleure de l'influence de ce type d'entreprises sur les syndicats.